

MARKET UPDATE

20/05/2022

Dollar Edges Higher but Set for Losing Week; China Cuts Key Rate

The U.S. dollar edged higher in early European trade Friday, but is still heading for its worst week since February as traders reacted to lower U.S. Treasury yields.

At 3:55 AM ET (0755 GMT), the Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher to 102.888, but was down 1.6% over the week, on track to snap a six-week winning run.

European shares rally as China central bank stimulus lifts recovery hopes

European shares opened higher on Friday, as hopes of an economic recovery in major trading partner China were bolstered by more central bank stimulus, but a gauge of regional shares was set to end the week lower on recession fears.

Miners and energy stocks led gains, lifting the pan-European STOXX 600 index up 0.8%. This cut weekly losses to below 1% in what would be its fifth weekly decline in six.

Russian rouble rallies past 60 vs dollar

The rouble extended recent gains on Friday and crossed the 60 mark against the dollar for the first time since April 2018, boosted by capital controls and domestic tax payments that usually lead to increased demand for the Russian currency.

So far this year, the rouble has firmed more than 24% despite a full-scale economic crisis and has become the best-performing currency <http://fingfx.thomsonreuters.com/gfx/rngs/GLOBAL-CURRENCIES-PERFORMANCE/0100301V041/index.html>, artificially supported by controls that Russia imposed in late February to shield its financial sector after it sent tens of thousands of troops into Ukraine.



Oil falls on uncertainty over fuel demand recovery

Oil prices fell on Friday as investors worried that weakening global economic growth and tighter central bank monetary policy could curb a recovery in fuel demand.

Brent futures for July fell 59 cents, or 0.53%, to \$111.45 a barrel by 0648 GMT, while U.S. West Texas Intermediate (WTI) crude for June fell 56 cents, or 0.5%, to \$111.65 on its last day as the front-month.

The more actively traded WTI contract for July was down 0.8% at \$109.01 a barrel.

The International Monetary Fund (IMF) urged Asian economies to be mindful of spillover risks from monetary tightening.

Asian economies faced a choice between supporting growth with more stimulus and withdrawing it to stabilise debt and inflation, IMF Deputy Managing Director Kenji Okamura said.

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